

# Executive Summary

In Texas, certification as a historically underutilized business (HUB) can increase the opportunities of companies owned by minority members, service-disabled veterans and women to do business with the state, thus furthering the Legislature's goal of supporting such businesses. The HUB certification process is administered by the Statewide Procurement Division (SPD) of the Texas Comptroller of Public Accounts.

During fiscal 2017, Texas had 15,833 certified HUBs. About 24.3 percent of them participated in state contracts as prime contractors or subcontractors, collectively receiving 11.97 percent of all statewide expenditures.

State entities must search the Centralized Master Bidders List (CMBL) when planning to buy goods and services that cost more than \$5,000. Based on the results of their searches, they contact vendors directly by mail, fax, email or telephone with invitations for bids. At the end of fiscal 2017, about 27 percent of the state's certified HUBs were registered with the CMBL.

The state's overall spending through term contract purchases during fiscal year 2017 totaled nearly \$51.7 million less than in the same period of the previous year. The percentage of dollars HUBs received as a result of term contract purchases declined from 3.76 percent to 3.73 percent.

The state's overall spending through group purchases for fiscal year 2017 fell by nearly 38.33 percent from the same period in the previous year, from slightly more than \$139 million to about \$100.5 million. Total group-purchasing dollars spent with HUBs declined by about 21.70 percent.

This report summarizes current HUB status and spending trends.

## Total Statewide Expenditures

The state's total spending in fiscal year 2017 rose by more than \$1.37 billion compared with the previous fiscal year (or 7.25 percent) during the same period, while the share of total statewide expenditures going to HUBs increased from 11.30 percent to 11.97 percent.

Fiscal Year	Total Statewide Expenditures	Total HUB Expenditures	HUB Percent
Fiscal 2017	\$20,269,152,162	\$2,426,751,956	11.97%
Fiscal 2016	\$18,898,542,734	\$2,135,516,671	11.30%
Fiscal 2015	\$16,961,932,186	\$2,029,550,710	11.97%

## Who Owns Texas HUBs

Eligible HUB Groups	Fiscal 2017 – Annual			Fiscal 2016 – Annual		
	Number of Certified HUBs	Males	Females	Number of Certified HUBs	Males	Females
Asian Pacific American	1,184	795	389	1,185	783	402
Black American	3,449	2,058	1,391	3,370	2,036	1,334
Hispanic American	4,931	3,493	1,438	4,901	3,493	1,408
Native American	319	231	88	319	224	95
Woman*	5,820	-	5,820	6,024	-	6,024
Service-Disabled Veteran**	130	130	-	97	97	-
<b>TOTAL</b>	<b>15,833</b>	<b>6,707</b>	<b>9,126</b>	<b>15,896</b>	<b>6,633</b>	<b>9,263</b>

\*The "Woman" category does not include women who are Service-Disabled Veterans or of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

\*\*The "Service-Disabled Veteran" category does not include women or individuals who are of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

Source: Texas Comptroller of Public Accounts.

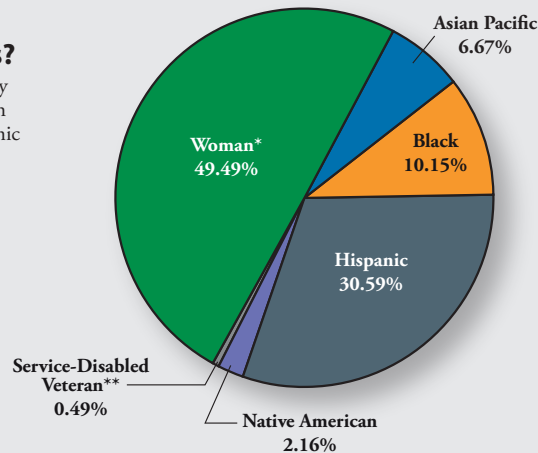
## Expenditures with HUB Groups

Between fiscal 2017 and fiscal 2016, state spending with HUBS owned by Asian Pacific Americans, Black Americans, Hispanic Americans, women and service-disabled veterans increased by 15.66 percent, 19.58 percent, 29.15 percent, 3.70 percent and 32.40 percent, respectively. The overall share of money going to HUBs rose by 13.64 percent (approximately \$291.23 million).

Eligible HUB Groups	Fiscal 2017 – Annual		Fiscal 2016 – Annual	
	Number of Awards	Total HUB Expenditures	Number of Awards	Total HUB Expenditures
Asian Pacific American	277	\$347,805,349	287	\$300,703,581
Black American	461	\$268,336,668	437	\$224,392,750
Hispanic American	1,358	\$725,635,080	1,317	\$561,840,196
Native American	92	\$36,060,421	93	\$39,015,682
Woman*	2,085	\$1,039,856,438	2,131	\$1,002,723,327
Service-Disabled Veteran**	33	\$9,057,997	21	\$6,841,132
<b>TOTAL</b>	<b>4,306</b>	<b>\$2,426,751,956</b>	<b>4,286</b>	<b>\$2,135,516,668</b>

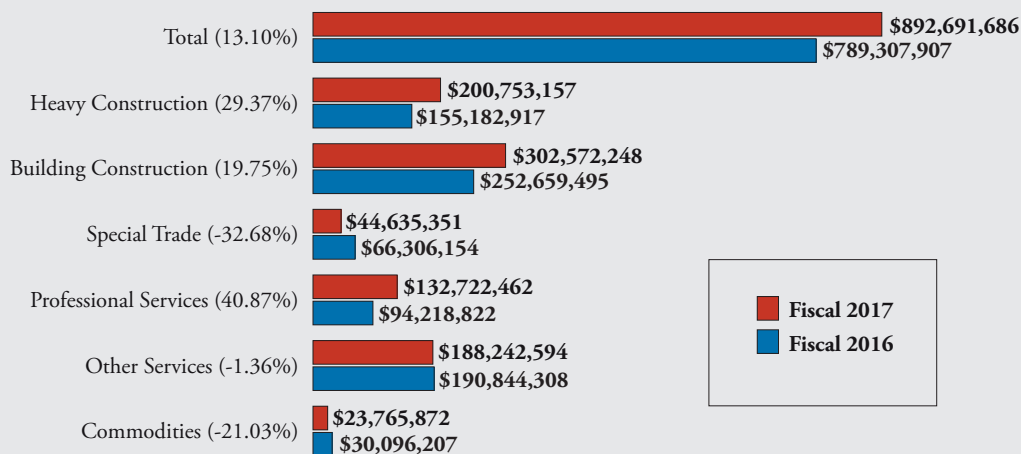
### Who Receives HUB Expenditures?

Businesses owned by Anglo women received slightly more than 49 percent of the state expenditures with HUBs in the first six months of fiscal 2017. Hispanic American-owned businesses came in second at approximately 31 percent.



### Subcontracting

The following chart compares subcontracting spending with HUBs for the first six months of fiscal 2016 and 2017:



Note: The number of awards reflected in the table above are those made to Vendor ID Numbers eligible for HUB credit. Similarly, the percentages reflected in the pie chart above are based on the number of Vendor ID Numbers eligible for HUB credit.

\*The "Woman" category does not include women who are Service-Disabled Veterans or of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

\*\*The "Service-Disabled Veteran" category does not include women or individuals who are of Asian Pacific American, Black American, Hispanic American and Native American ethnicities.

Source: Texas Comptroller of Public Accounts.

## Business Categories

From fiscal 2016 to fiscal 2017, state spending with HUBs increased in all business categories, except special trades. The increases were 25.94 percent for heavy construction, 23.47 percent for building construction, 41.53 percent for professional services, 5.82 percent for other services and 6.97 percent for commodities industries.

### Fiscal 2017

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$6,860,140,547	\$364,471,113	5.31%
Building Construction	21.10%	\$2,046,897,725	\$384,135,898	18.77%
Special Trade	32.90%	\$773,138,784	\$177,389,708	22.94%
Professional Services	23.70%	\$1,022,953,287	\$264,879,500	25.89%
Other Services	26.00%	\$4,608,825,330	\$652,071,559	14.15%
Commodities	21.10%	\$4,957,196,486	\$583,804,174	11.78%
<b>TOTAL **</b>		<b>\$20,269,152,162</b>	<b>\$2,426,751,956</b>	<b>11.97%</b>

**Fiscal 2017 Statewide HUB Subcontracting Expenditures: \$785,845,798**

### Fiscal 2016

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$6,365,376,337	\$289,396,651	4.55%
Building Construction	21.10%	\$1,740,902,776	\$311,113,532	17.87%
Special Trade	32.70%	\$668,738,256	\$185,921,732	27.80%
Professional Services	23.60%	\$827,422,452	\$187,152,552	22.62%
Other Services	24.60%	\$4,580,467,625	\$616,189,903	13.45%
Commodities	21.00%	\$4,715,635,286	\$545,742,299	11.57%
<b>TOTAL **</b>		<b>\$18,898,542,734</b>	<b>\$2,135,516,671</b>	<b>11.30%</b>

**Fiscal 2016 Statewide HUB Subcontracting Expenditures: \$791,131,589**

### Fiscal 2015

Category	HUB Goals*	Total Expenditures	Total HUB Expenditures	HUB Percent
Heavy Construction	11.20%	\$5,279,525,567	\$266,333,119	5.04%
Building Construction	21.10%	\$1,703,623,997	\$275,454,333	16.17%
Special Trade	32.90%	\$645,612,438	\$162,962,501	25.24%
Professional Services	23.67%	\$725,661,908	\$215,269,331	29.67%
Other Services	26.00%	\$4,187,585,949	\$606,572,260	14.49%
Commodities	21.10%	\$4,187,585,949	\$502,959,164	11.38%
<b>TOTAL **</b>		<b>\$16,961,932,186</b>	<b>\$2,029,550,710</b>	<b>11.97%</b>

**Fiscal 2015 Statewide HUB Subcontracting Expenditures: \$785,845,798**

\* For HUB reporting purposes, expenditures with all HUBs certified at any time during the current fiscal year are counted toward annual HUB procurement usage goals.

\*\* Slight differences in some totals are due to rounding.

Source: Texas Comptroller of Public Accounts.

## Spending on Statewide Term Contracts

Term contracts are developed to consolidate the needs of multiple agencies, providing a simpler purchasing process for commonly used items and yielding lower prices through higher-volume purchases.

During fiscal 2017, the state spent 7.81 percent less (nearly \$51.79 million) through term contracts than in fiscal year 2016. Total state spending with HUBs through term contracts declined by approximately 8.54 percent (less than \$2.12 million) between the same period.

### Fiscal 2017

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$9,831	\$0	0.00%
Building Construction	21.10%	\$506,411	\$17,009	3.36%
Special Trade	32.90%	\$1,101,408	\$122,751	11.14%
Professional Services	23.70%	\$1,812,822	\$23,508	1.30%
Other Services	26.00%	\$19,589,432	\$1,330,334	6.79%
Commodities	21.10%	\$588,545,067	\$21,305,788	3.62%
<b>TOTAL **</b>		<b>\$611,564,971</b>	<b>\$22,799,390</b>	<b>3.73%</b>

### Fiscal 2016

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$141,329	\$0	0.00%
Building Construction	21.10%	\$159,825	\$632	0.40%
Special Trade	32.90%	\$1,617,693	\$29,271	1.81%
Professional Services	23.70%	\$1,835,907	\$92	0.01%
Other Services	26.00%	\$20,333,314	\$1,140,541	5.61%
Commodities	21.10%	\$639,268,668	\$23,757,621	3.72%
<b>TOTAL **</b>		<b>\$663,356,736</b>	<b>\$24,928,157</b>	<b>3.76%</b>

### Fiscal 2015

Term Contracts	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$84,118	\$0	0.00%
Building Construction	21.10%	\$285,532	\$84,808	29.70%
Special Trade	32.90%	\$2,006,360	\$72,529	3.61%
Professional Services	23.70%	\$1,132,481	\$98,090	8.66%
Other Services	26.00%	\$21,722,417	\$1,166,856	5.37%
Commodities	21.10%	\$585,937,337	\$21,982,666	3.75%
<b>TOTAL **</b>		<b>\$611,168,245</b>	<b>\$23,404,949</b>	<b>3.83%</b>

\* For HUB reporting purposes, expenditures with all HUBs certified at any time during the current fiscal year are counted toward annual HUB procurement usage goals.

\*\* Slight differences in some totals are due to rounding.

Source: Texas Comptroller of Public Accounts.

## Spending on Statewide Group Purchasing

Group purchasing allows institutions of higher education to coordinate their purchases to maximize their purchasing power.

During fiscal 2017, state spending through group purchasing fell by approximately \$38.52 million compared with fiscal 2016. State spending with HUBs through group purchasing declined by 21.7 percent (approximately \$5.35 million).

### Fiscal 2017

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$0	\$0	0.00%
Building Construction	21.10%	\$7,643,965	\$4,482,811	58.65%
Special Trade	32.90%	\$4,039,734	\$151,818	3.76%
Professional Services	23.70%	\$1,429,985	\$666	0.05%
Other Services	26.00%	\$17,140,994	\$6,350,566	37.05%
Commodities	21.10%	\$70,267,993	\$8,324,204	11.85%
<b>TOTAL **</b>		<b>\$100,522,671</b>	<b>\$19,310,065</b>	<b>19.21%</b>

### Fiscal 2016

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$20,104	\$20,104	100.00%
Building Construction	21.10%	\$8,360,217	\$3,581,349	42.84%
Special Trade	32.90%	\$19,768,193	\$2,188,291	11.07%
Professional Services	23.70%	\$4,293,676	\$84,033	1.96%
Other Services	26.00%	\$37,194,238	\$4,021,008	10.81%
Commodities	21.10%	\$69,414,316	\$14,767,049	21.27%
<b>TOTAL **</b>		<b>\$139,050,744</b>	<b>\$24,661,834</b>	<b>17.74%</b>

### Fiscal 2015

Group Purchasing	HUB Goals*	Total Spending	Total HUB Spending	HUB Percent
Heavy Construction	11.20%	\$28,438	\$0	0.00%
Building Construction	21.10%	\$5,669,354	\$1,612,383	28.44%
Special Trade	32.70%	\$27,196,742	\$2,061,903	7.58%
Professional Services	23.60%	\$3,082,203	\$49,451	1.60%
Other Services	24.60%	\$15,544,139	\$1,251,976	8.05%
Commodities	21.00%	\$101,488,110	\$12,826,561	12.64%
<b>TOTAL **</b>		<b>\$153,008,986</b>	<b>\$17,802,274</b>	<b>11.63%</b>

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\*\* Slight differences in some totals are due to rounding.

Source: Texas Comptroller of Public Accounts.

State agencies and higher education institutions are responsible for the accuracy of their self-reported data and are required to confirm that they have reported correct information to the Comptroller's Statewide Procurement Division before the division finalizes its semi-annual and annual HUB reports.